



## **Chain-of-Custody Certification Standards**

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### **Introduction**

The intent of the SmartWood Program is to assess, monitor, and acknowledge good forest management and chain-of-custody procedures for the wood products coming from these forests. Chain-of-custody refers to the complete process by which wood is transformed from a tree in the forest to a final product provided in a wholesale or retail market; e.g. from the forest, to a sawmill, to a processing facility, to the marketplace. SmartWood verifies Forest management and chain-of-custody systems through a third party certification process that is accredited by the Forest Stewardship Council (FSC). The following are the standards for all SmartWood chain-of-custody assessments for forest product certification.

These standards are used as the basis for assessments and audits of chain-of-custody procedures used by companies being certified or undergoing an annual audit after certification. Chain-of-custody annual auditing of certified companies is performed to ensure that products carrying the SmartWood or FSC logos are actually produced with materials from FSC-certified sources, e.g. forests, log suppliers, etc.

In this document, the organization being assessed or audited by SmartWood for chain-of-custody (CoC) is called "company", whether the producer is a log broker, sawmill, concentration yard, secondary processing mill, wholesaler, retailer, or distributor.

These standards are used in combination with the *SmartWood Program "Generic Guidelines for Assessing Forest Management"*. All SmartWood guidelines and standards are revised on a periodic basis, based on public or private comment and field experience. The SmartWood Program is also contributing towards the development of country- and region-specific guidelines for forest management certification worldwide.

### **General Policies for Chain-of-Custody Certification**

- SmartWood certification agreements are written for a five- (5) year period. Renewal after the initial five-years requires a new CoC certification assessment and elaboration of a new certification agreement. To maintain certification as per FSC requirements, the certified company must undergo an annual on-site audit, provide annual CoC audit information to SmartWood headquarters, and complete up-to-date payment of related costs.
- The use of the FSC and SmartWood names and labels, and related public claims by the certified company must be reviewed and approved by SmartWood prior to release to the public.
- If the certified company will be producing certified products with a mix of certified and non-certified wood, they must follow the most current version of the *FSC Policy on Percentage Based Claims*. Companies using the percentage-based claim option for chip and fiber products less than 70% certified and/or solid wood collections less than 100% certified shall have a wood procurement policy in writing that details the types and sources of wood that will not be purchased.

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- SmartWood certified companies found using or trading illegal wood are subject to suspension or termination of their certificate.
- SmartWood performs audits of certified companies at least once every year on-site. The purpose of this visit is to verify compliance with FSC chain-of-custody tracking and handling procedures within the company's operation as well as to verify annual certified volume turnover. SmartWood reserves the right to visit the facilities of the company at any time, but usually provides prior notification and arranges for audit scheduling.
- As part of the FSC accreditation and auditing process of SmartWood, the FSC reserves the right to visit SmartWood-certified operations on a random basis. The SmartWood certification contract with certified operations requires that these operations agree to random visits by FSC auditors for the purposes of evaluating the adequacy of the SmartWood certification system upon notice by either SmartWood or the FSC.
- All information gathered during SmartWood CoC procedures is kept confidential and maintained in secure files at SmartWood headquarters.

### Public Comment

Organizations or individuals having concerns or comments regarding chain-of-custody (or any other topic) for any SmartWood-certified operation, are strongly encouraged to contact SmartWood headquarters. Formal complaints or concerns should be sent in writing.

### Categories of Chain-of-Custody Certification

SmartWood certifies operations according to whether all or some of their products come from sources certified by an FSC accredited certifier. An “*exclusive*” company can only purchase, manufacture, and sell 100% FSC-certified products (FSC-pure). A company trading in FSC-mixed, FSC-credit, FSC-recycled and/or controlled wood products does not qualify as “exclusive”. A “non-exclusive” company sells products from both FSC-certified and non-certified origins.

## **CHAIN-OF-CUSTODY STANDARDS**

The standards below outline what a CoC assessor evaluates during the initial assessment and annual audits of a company under evaluation.

### 1.0 Quality System Requirements

#### 1.1 Documented Procedures

Company shall have documented procedures that detail the following: 1) the company's procedures for the tracking and handling of certified material from ordering through final product sales and shipping, 2) the responsible personnel or staff positions for the control system, 3) the forms and records used for certified tracking and handling, 4) the procedures for compiling volume summary data for certified purchases, production, and sales per FSC product group, supplier/customer, and month, 5) the procedures for labeling and logo use, 6) the protocol for maintaining records that pertain to certification. **Note:** Companies can request a control system outline and examples from SmartWood that provides guidance.

#### 1.2 Responsibility

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- An overall person shall be designated for the responsibility of the Chain-of-Custody control system.
- A person shall be designated for responsibility of the FSC and SmartWood logo packs, including responsibility for any use of the FSC name and logo.
- Key personnel shall be designated and informed of their specific responsibilities within the Chain-of-Custody control system.

### 1.3 FSC Product Group

- An FSC product group schedule shall be prepared that includes: 1) the species of each product group, and 2) a designation of the product group as either 100% FSC-certified or percentage-based.
- The FSC product group schedule shall be kept up-to-date and available upon request.

### 1.4 Training

- Training requirements for all applicable staff shall be defined.
- Training/orientation on the handling and representation of certified products shall be completed.
- Training records shall be kept to demonstrate training that has taken place.

### 1.5 Records and Reports

- Quantity records of certified material purchasing/receiving, production including applicable conversion factors, and certified sales and shipping shall be maintained and readily available in summary format for annual audit review.
- Records shall be maintained for all purchases, processing, and sales of certified products, as well as marketing, advertising, and any other public information pertaining to certification for a minimum of 5 years.

## 2.0 Purchasing and Receiving

*Company procedures shall provide for:*

2.1 Specification of FSC-certified when ordering/purchasing material.

2.2 Verification that the supplier has a valid FSC certificate.

2.3 Verification that the certified status, percentage-based claim, volume received of inputs, as well as the supplier's FSC certificate code is provided on accompanying delivery documentation and/or supplier invoice.

2.4 Storage of certified materials as separate, secure units.

2.5 Use of a distinguishing mark on certified material, e.g., unique color marker, label, FSC certification number, or other means of identification.

2.6 System for recording and tracking quantities of certified material purchased and received.

2.7 Acknowledgement to not accept or purchase any illegal wood as per the *SmartWood Policy on the Use of Illegal Wood*.

## 3.0 Processing

*Company procedures shall provide for:*

3.1 Physical separation of certified materials from non-certified either by separate production lines or through separate production runs, e.g., batch runs.

3.2 Use of distinguishing marks on certified material, or other means of identification.

3.3 Use of a tracking system or production records that document certified material during processing.

3.4 Sufficient records to calculate conversion factors per product group manufactured.

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3.5 If applicable, a control system to ensure CoC procedures are followed during off-site processing that takes place at a subcontracted facility as well as signing of an outsourcing agreement.

### **4.0 FSC Percentage-Based Claim** (applicable to companies manufacturing and/or selling products that are less than 100% FSC-certified)

*Company procedures shall provide for:*

- 4.1 Tracking certified and non-certified material for use in percentage-based products in production.
- 4.2 Keeping record of certified and non-certified quantities per FSC product group for audit verification.
- 4.3 Communication to the customer relaying the FSC percent content of product sold on invoices as well as on-product.
- 4.4 Use of the applicable FSC label for percentage-based products.
- 4.5 A wood procurement policy that details the types and sources of wood that will not be purchased as required by the *FSC Policy on Percentage Based Claims*.

### **5.0 Shipping and Sales**

*Company procedures shall provide for:*

- 5.1 Storage of final certified products as separate, secure units.
- 5.2 Use of distinguishing marks/logos and/or the Company FSC certification number on certified products and/or packages.
- 5.3 A system for recording quantities of certified product sales.
- 5.4 Inclusion of the following information on sales invoices and shipping documents: a certified description, percentage-based claim if applicable, quantity/volume for each item, and its FSC certificate code.

### **6.0 Labeling, Logo Use, and Public Information**

*Company procedures shall provide for:*

- 6.1 A secure system for the production and application of labels on certified products, if labels are used.
- 6.2 A system for ensuring that only its products have FSC-certified claims including use of the FSC name and logo.
- 6.3 Ensuring that FSC-certified products bearing an FSC claim and/or logo shall not include any logos, names, or other marks from forestry certification schemes that do not meet FSC standards, e.g., SFI, CSA.
- 6.4 Submitting all certification logo use and public information referencing SmartWood or the FSC to SmartWood for review and approval prior to use to ensure consistency with SmartWood Program guidelines. This includes product labels, web pages, catalogues, brochures, mailings, letters, manifestations to investors, etc.
- 6.5 Maintaining record of review and approval correspondence with SmartWood for logo use/public information for 5 years.